

Devon Energy
HB 598

EXHIBIT 9
DATE 2-20-07
HB 598

Overview

- 2nd largest natural gas producer in Montana, producing in Blaine, Chouteau and Hill counties.
- # of employees - 50
- # of contractors - 80
- Payroll # - over \$ 2 million
- Recently built a brand new \$ 1 Million dollar building in Havre
- 150 well drilling program planned for Montana in 2007
- Over \$21 million budgeted for 2007 in Montana
- Since 2000 Devon has drilled between 50 to 100 wells on average per year which equates to approximately 450 wells drilled in that time frame.
- In 2005, Devon paid \$8.9 million in taxes under the current incentives

HB 598 Business impact to Devon

- If HB 598 were in effect today, Devon would have paid \$10.9 million. This is a **\$2 million dollar increase** in tax to Devon or over 22% increase in tax liability.
 - \$2 million / \$235,000 per well = Approx **9 wells**

Or to put it another way....

- 9 wells over 8 years = 72 wells. 72 wells represents nearly a whole years drilling program to Devon in Montana. This represents capitol that may not be reinvested into new wells.

Business decision

72 wells x 8 years = 576 (wells drilled under current tax scenario)

63 wells x 8 years = 504 (wells drilled under HB 598 scenario)
(72-9=63)

diff. **72 wells less drilled** (same period between 2000 and 2008 if HB 598 goes into effect)

Bottom line:

Devon would drill less wells and the state would lose tax revenue under HB 598

- Capital would likely be moved to other projects in other states that will allow greater return on investment